

India Flexible Space Quarterly Digest – Q1 2019



FLEXIBLE SPACE MARKET OVERVIEW - INDIA Q1 2019

~2.9 FLEXIBLE SPACE TAKE-UP IN MN. SQ.FT. Q1 2019

70% INCREASE ON A Q-O-Q BASIS

277% INCREASE ON A Y-O-Y BASIS

IN Q1 2019, MORE THAN **40%** OF LEASING BY FLEXIBLE SPACE OPERATORS IN **BANGALORE**.

Hybrid Spaces

Q1 2019: 46% ▲
Q1 2018: 21%

Managed Spaces

Q1 2019: 36% ▼
Q1 2018: 44%

Business Centers

Q1 2019: 5% ▼
Q1 2018: 16%

Coworking

Q1 2019: 12% ▼
Q1 2018: 19%

Hybrid and managed spaces drove flexible space take-up ^

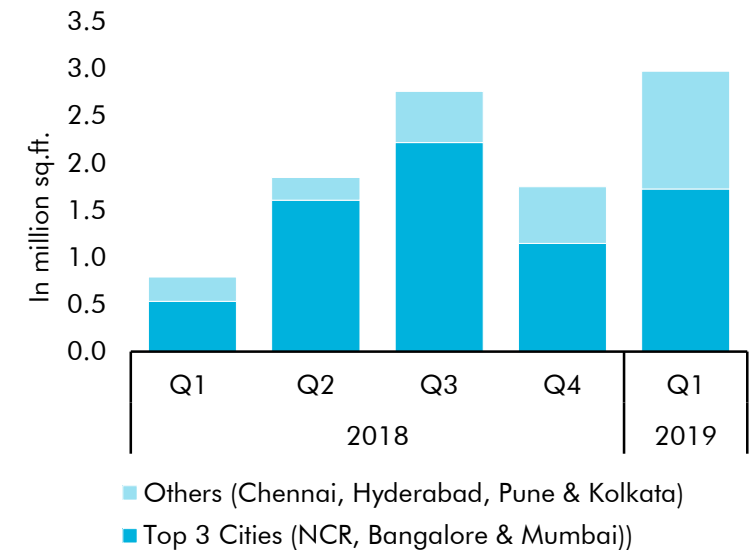
^ Refer to annexure for definitions

Table 1.0: Operators shifting focus towards leasing medium to large-sized spaces across cities in Q1 2019

| Deal Size | Q1 2018 | Q1 2019 |
|--------------------------------|---------|---------|
| < 20,000 sq. ft. | 15% | 6% |
| > 20,000 and < 100,000 sq. ft. | 85% | 47% |
| > 100,000 sq. ft. | 0% | 47% |

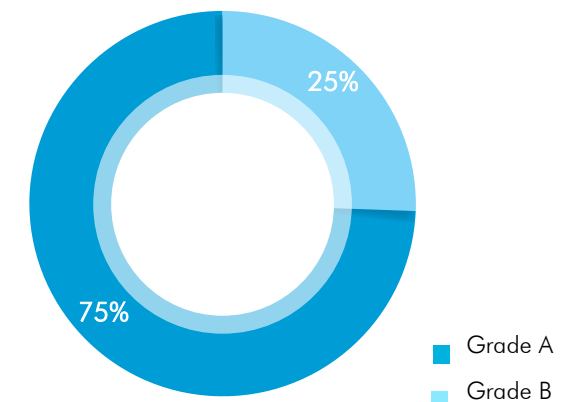
Source: CBRE Research Q1 2019

Figure 1.0: Quarterly flexible space leasing activity



Source: CBRE Research Q1 2019

Figure 2.0: Flexible space leasing activity by asset type in Q1 2019



Source: CBRE Research Q1 2019

FLEXIBLE SPACE MARKET OVERVIEW

Table 2.0: Average quoted seat prices across coworking and managed spaces ^

| Average rental value– Coworking and managed spaces (INR / seat / month) | | |
|--|---------------------|-------------------------|
| | Core micro-markets* | Non-core micro-markets* |
| Delhi | 10,000 - 22,000 | 10,000 - 15,000 |
| Gurgaon | 9,000 - 18,000 | - |
| Noida | 7,500 - 18,500 | 7,000 - 15,000 |
| Bangalore | 5,000 - 12,000 | - |
| Mumbai | 9,000 - 22,000 | 8,000 - 15,000 |
| Hyderabad | 8,000 - 9,000 | - |
| Chennai | 11,000 - 14,000 | 9,000 - 12,000 |
| Pune | 7,000 - 17,000 | - |
| Kolkata | 7,000 - 9,000 | - |
| Ahmedabad | - | 7,000 - 8,000 |

Source: CBRE Research Q1 2019

* ^ Refer to annexure for definitions

Table 3.0: Average quoted seat prices across business centers and hybrid spaces ^

| Average rental value - Business centers and hybrid spaces (INR / seat / month) | | |
|---|---------------------|-------------------------|
| | Core micro-markets* | Non-core micro-markets* |
| Delhi | 18,000 - 32,000 | 14,000 - 25,000 |
| Gurgaon | 12,000 - 27,000 | 13,000 - 14,000 |
| Noida | 12,000 - 15,000 | 14,000 - 16,000 |
| Bangalore | 18,000 - 26,000 | 15,000 - 22,000 |
| Mumbai | 22,000 - 40,000 | 14,000 - 30,000 |
| Hyderabad | 14,000 - 19,000 | 14,000 - 17,000 |
| Chennai | 12,000 - 23,000 | - |
| Pune | 12,000 - 21,000 | 12,000 - 15,000 |
| Kolkata | 17,000 - 19,000 | - |
| Ahmedabad | 11,000 - 15,000 | - |

Source: CBRE Research Q1 2019

CITY-LEVEL VIEW- FLEXIBLE SPACE LEASING IN Q1 2019

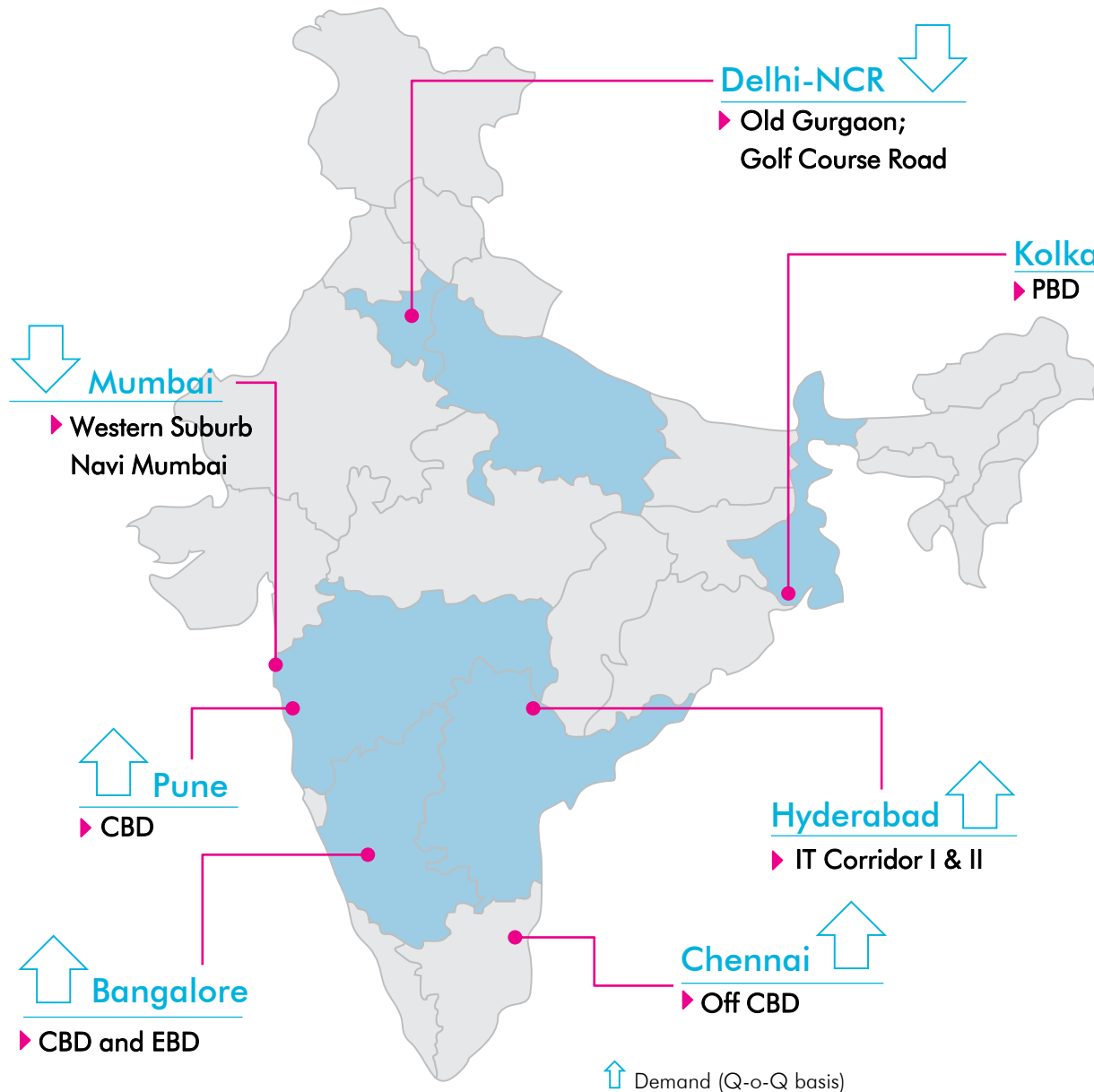


Table 4.0: Prominent Transactions

| Operator | Development Name | City | Area Leased (sq. ft.) |
|------------|--------------------------|-----------|-----------------------|
| Simpliwork | Jyothi Pinnacle | Hyderabad | 240,000 |
| Indiqube | Prestige Lexington Tower | Bangalore | 180,000 |
| Workafella | High Street Doshi | Chennai | 144,000 |
| Indiqube | Golf View | Bangalore | 140,000 |

Source: CBRE Research Q1 2019

INVESTMENT TRENDS AND OUTLOOK FOR 2019

INVESTMENT ACTIVITY

One of the key deals this quarter was of OYO acquiring **Innov8** for INR 220 crores. Interest in this segment remained strong from a landlord perspective – Meenakshi Group is now backing expansion plans of Hyderabad-based **iKeva**. Additionally, two leading players also launched their own flexible space brands – Ascendas-Singbridge with '**The Bridge**' and Brigade with '**BuzzWorks**'.

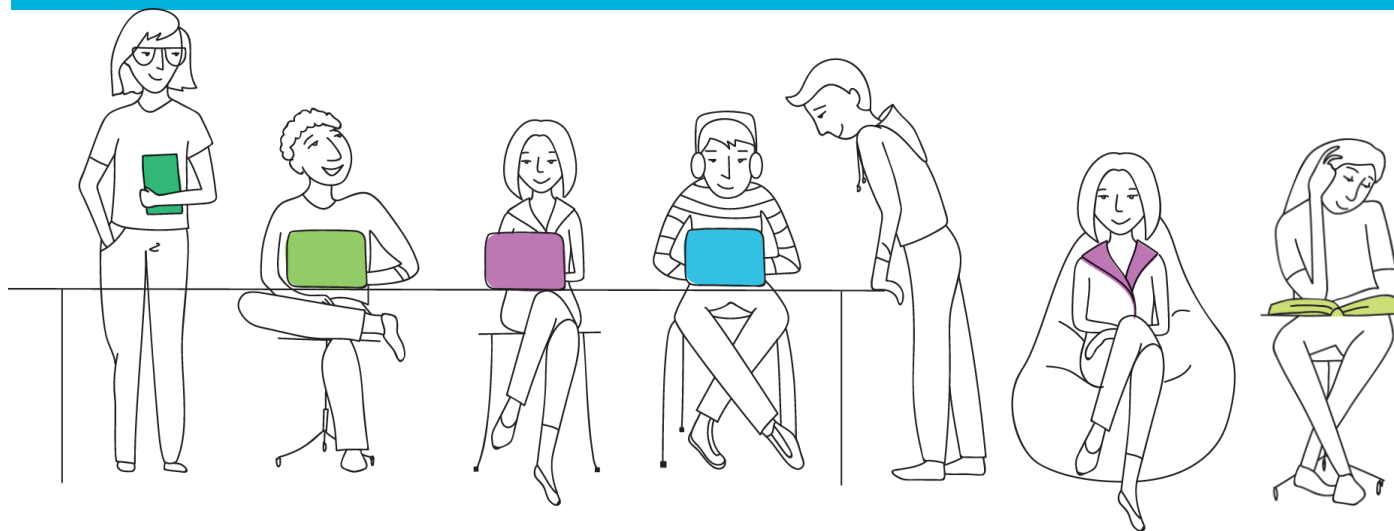
Table 5.0: Prominent investment deals

| Operator | Buyer | Value (INR crores) |
|----------|-------|--------------------|
| Innov8 | OYO | 220 |

Source: CBRE Research Q1 2019

OUTLOOK

- ✓ Established corporates to take-up a larger number of seats as compared to start-ups. On the other hand operators would emphasis on maintaining healthy levels of occupancy rates, **by highlighting on customized services and incorporating tech for enterprise solutions.**
- ✓ Different ownerships, company structures, offerings, funding mechanisms and prices / scale are currently preventing M&A activity hence, **consolidation is likely to occur at a comparatively slower pace in the country.**
- ✓ Given that the Indian flexible space market is one of the biggest in APAC, we anticipate that this segment will **remain high on investor radar.**



ANNEXURE

| Micro-market definitions* | | |
|---|--|---|
| | Core micro-markets | Non-core micro-markets |
| Delhi | Central Delhi (Rani Jhansi Marg, Connaught Place, etc.), SBD 3 (Saket, Dwaraka and Aerocity) | West Delhi, East Delhi, North Delhi, SBD 1 (Jasola District Center), SBD 2 (Nehru Place and Okhla) |
| Gurgaon | DLF Cybercity, Golf Course Road, MG Road, NH-8(Before Rajiv Chowk) and Old Gurgaon | Extended Golf Course Road, NH-8 (Beyond Rajiv Chowk), Sohna Road, others |
| Noida | Main Noida (Sectors 1-18 and 25-32) | Expressway (Sectors 90-144), Peripheral Noida (Sectors 58-63) |
| Bangalore | CBD (Cunningham Road, Infantry Road, MG Road, etc.), EBD (CMH Road, Domlur, Koramangala, etc.), ORR (Marathahalli ORR and Sarjapur ORR) | NBD (Bellary Road, Banaswadi, Hebbal, etc.), PBD (Electronic City, EPIP, Sarjapur Road, Whitefield, etc.), SBD (Banashankari, Bannerghatta Road, JP Road, etc.) |
| Mumbai | BKC Periphery (Kurla, Kalina, Kalanagar, etc.), Central Mumbai 1 (Worli, Mahalashkmi, Prabhadevi, etc.), Central Mumbai 2 (Lower Parel, Parel, etc.) New CBD (BKC), Old CBD (Fort, Nariman Point, Churchgate, etc.) | Eastern Suburbs (Sion, Chembur, Ghatkopar, etc.), Navi Mumbai, (Vashi, Seawoods CBD, Belapur, etc.) Thane, Western Suburbs 1 (Vile Parle, Andheri East and West), Western Suburbs 2 (Jogeshwari, Goregaon (E) and Goregaon (W)) |
| Hyderabad | CBD (Somajiguda, Banjara Hills, Begumpet, etc.), IT Corridor I (HITEC City and Madhapur), IT Corridor II (Gachibowli, Kondapur and Raidurg) | Extended IT Corridor (Financial District and Nanakramguda), PBD (Shamshabad, Pocharam, and Uppal), SBD (Banjara Hills and Jubilee Hills) |
| Chennai | CBD (Anna Salai, Egmore, etc.), Mount Poonamallee Road, Off CBD (Guindy), OMR Zone 1 (Perungudi and Taramani) | Ambattur, GST Road, OMR Zone 2 & 3 (Thoraiyakkam, Sholinganallur and Navalur) |
| Pune | CBD (Bund Garden, Koregaon Park, etc.), SBD (Hadaspur, Mundhwa, Viman Nagar, etc.), SBD Kharadi | PBD (Hinjewadi, Bangalore Highway, Bavdhan, etc.) |
| Kolkata | CBD (AJC Bose Road, Camac street, etc.), SBD (Kasba, Ruby Connector, etc.), PBD (New Town and Rajarhat) | - |
| Ahmedabad | CBD (Chimanlal Girdharlal Road and Ashram Road) | SBD (SG Road), PBD (Infocity and Gift City) |
| Flexible space operator classifications ^ | | |
| Business Center | Formal environment with more private cabins / spaces and provide limited or no community activity. | |
| Coworking | On a membership or per desk basis, coworking offices provide a sociable working environment where users can network, collaborate and undertake business with each other with a substantial focus on start-ups, events and community. | |
| Managed Spaces | A managed office is a fully customized, furnished and serviced private or semi-private facility, maintained and operated by an operator for a client who agrees to pay a composite fee for its use. | |
| Hybrid Spaces | Fully serviced space consisting of a mix of private cabins, dedicated/open desks, meeting rooms etc. leased out to various clients on per workstation basis for flexible tenures with a higher focus on enterprise clients and reasonable focus on community and design. | |

Source: CBRE Research Q1 2019

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